

Finisar Corporation
Non-GAAP Consolidated Statement of Operations
(in thousands except per share data)

	Q1-17	Q2-17	Q3-17	Q4-17	Quarterly					Annual	
					Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	FY17	FY18
	(Unaudited)										
Revenues	\$ 341,325	\$ 369,863	\$ 380,588	\$ 357,527	\$ 341,806	\$ 332,205	\$ 332,403	\$ 310,069	\$ 317,336	\$ 1,449,303	\$ 1,316,483
Cost of revenues	228,461	232,195	239,675	228,164	222,651	231,648	237,325	233,467	230,184	928,495	925,091
Gross profit	112,864	137,668	140,913	129,363	119,155	100,557	95,078	76,602	87,152	520,808	391,392
Gross margin	33.1%	37.2%	37.0%	36.2%	34.9%	30.3%	28.6%	24.7%	27.5%	35.9%	29.7%
Operating expenses:											
Research and development	45,684	47,563	49,158	50,885	51,833	54,359	52,979	52,763	49,333	193,290	211,934
Sales and marketing	10,083	11,490	11,171	10,412	10,321	10,191	10,021	10,239	9,932	43,156	40,772
General and administrative	13,577	10,365	10,209	9,655	10,996	10,093	9,376	9,027	9,046	43,806	39,492
Total operating expenses	69,344	69,418	70,538	70,952	73,150	74,643	72,376	72,029	68,311	280,252	292,198
Income from operations	43,520	68,250	70,375	58,411	46,005	25,914	22,702	4,573	18,841	240,556	99,194
Interest income (expenses), net	401	696	1,074	2,257	2,397	2,704	2,938	3,853	4,101	4,428	11,892
Other income (expense), net	(96)	(192)	(145)	(153)	(2)	(329)	161	4	55	(586)	(166)
Income from before income taxes	43,825	68,754	71,304	60,515	48,400	28,289	25,801	8,430	22,997	244,398	110,920
Provision for income taxes	2,000	3,600	4,100	3,000	2,650	2,200	3,000	2,650	1,700	12,700	10,500
Net income	\$ 41,825	\$ 65,154	\$ 67,204	\$ 57,515	\$ 45,750	\$ 26,089	\$ 22,801	\$ 5,780	\$ 21,297	\$ 231,698	\$ 100,420
Net income per share:											
Net income per share - basic	\$ 0.38	\$ 0.59	\$ 0.61	\$ 0.52	\$ 0.41	\$ 0.23	\$ 0.20	\$ 0.05	\$ 0.18	\$ 2.10	\$ 0.88
Net income per share - diluted	\$ 0.38	\$ 0.58	\$ 0.59	\$ 0.50	\$ 0.40	\$ 0.23	\$ 0.20	\$ 0.05	\$ 0.18	\$ 2.03	\$ 0.86
Shares used in computing net income per share - basic	108,820	110,407	110,956	111,438	112,544	113,960	114,209	114,742	115,867	110,405	113,864
Shares used in computing net income per share - diluted	110,821	113,192	114,873	115,242	115,698	115,443	115,661	115,991	117,191	114,097	116,274

Finisar Corporation
Consolidated Statement of Operations
(in thousands except per share data)

	Quarterly									Annual	
	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	FY17	FY18
	(Unaudited)										
Revenues	\$ 341,325	\$ 369,863	\$ 380,588	\$ 357,527	\$ 341,806	\$ 332,205	\$ 332,403	\$ 310,069	\$ 317,336	\$ 1,449,303	\$ 1,316,483
Cost of revenues	231,637	235,192	242,961	231,374	225,896	235,389	243,724	246,501	236,155	941,164	951,510
Impairment of long-lived assets	-	-	-	-	-	-	-	371	-	-	371
Amortization of acquired developed technology	1,523	990	990	990	611	611	611	604	496	4,493	2,437
Gross profit	108,165	133,681	136,637	125,163	115,299	96,205	88,068	62,593	80,685	503,646	362,165
Gross margin	31.7%	36.1%	35.9%	35.0%	33.7%	29.0%	26.5%	20.2%	25.4%	34.8%	27.5%
Operating expenses:											
Research and development	51,008	53,242	54,691	58,973	58,040	60,560	59,888	60,520	62,874	217,914	239,008
Sales and marketing	11,863	13,367	13,092	12,322	12,351	12,230	11,913	12,530	12,480	50,644	49,024
General and administrative	16,315	13,576	13,235	12,316	14,289	13,282	19,739	12,207	12,643	55,442	59,517
Amortization of purchased intangibles	668	668	713	713	707	666	666	666	640	2,762	2,705
Impairment of long-lived assets	-	-	-	-	-	-	1,353	510	186	-	1,863
Startup costs	-	-	-	-	-	-	638	2,897	7,553	-	3,535
Total operating expenses	79,854	80,853	81,731	84,324	85,387	86,738	94,197	89,330	96,376	326,762	355,652
Income (loss) from operations	28,311	52,828	54,906	40,839	29,912	9,467	(6,129)	(26,737)	(15,691)	176,884	6,513
Interest income	726	1,021	1,717	3,299	3,440	3,746	3,995	4,904	5,155	6,763	16,085
Interest expense	(2,986)	(3,025)	(5,399)	(8,953)	(9,013)	(9,131)	(9,192)	(9,322)	(9,386)	(20,363)	(36,658)
Other income (expense), net	(59)	795	(338)	(488)	(2,694)	1,111	(459)	1,097	(1,789)	(90)	(945)
Income (loss) before income taxes	25,992	51,619	50,886	34,697	21,645	5,193	(11,785)	(30,058)	(21,711)	163,194	(15,005)
Provision (benefit) for income taxes	2,043	2,854	4,499	(95,548)	1,786	(664)	43,874	(11,714)	(3,222)	(86,152)	33,282
Net income (loss)	\$ 23,949	\$ 48,765	\$ 46,387	\$ 130,245	\$ 19,859	\$ 5,857	\$ (55,659)	\$ (18,344)	\$ (18,489)	\$ 249,346	\$ (48,287)
Net income (loss) per share:											
Net income (loss) per share - basic	\$ 0.22	\$ 0.44	\$ 0.42	\$ 1.17	\$ 0.18	\$ 0.05	\$ (0.49)	\$ (0.16)	\$ (0.16)	\$ 2.26	\$ (0.42)
Net income (loss) per share - diluted	\$ 0.22	\$ 0.43	\$ 0.40	\$ 1.13	\$ 0.17	\$ 0.05	\$ (0.49)	\$ (0.16)	\$ (0.16)	\$ 2.19	\$ (0.42)
Shares used in computing net income (loss) per share - basic	108,820	110,407	110,956	111,438	112,544	113,960	114,209	114,742	115,867	110,405	113,864
Shares used in computing net income (loss) per share - diluted	110,821	113,192	114,873	115,242	115,698	115,443	114,209	114,742	115,867	114,097	113,864

Finisar Corporation
Reconciliation of Results of Operations under GAAP and non-GAAP
(in thousands except per share data)

	Q1-17	Q2-17	Q3-17	Q4-17	Quarterly				Q1-19	Annual	
					Q1-18	Q2-18	Q3-18	Q4-18		FY17	FY18
	(Unaudited)									(Unaudited)	
GAAP to non-GAAP reconciliation of gross profit:											
Gross profit - GAAP	\$ 108,165	\$ 133,681	\$ 136,637	\$ 125,163	\$ 115,299	\$ 96,205	\$ 88,068	\$ 62,593	\$ 80,685	\$ 503,646	\$ 362,165
Gross margin - GAAP	31.7%	36.1%	35.9%	35.0%	33.7%	29.0%	26.5%	20.2%	25.4%	34.8%	27.5%
Adjustments:											
Cost of revenues											
Amortization of acquired technology		1,523	990	990	990	611	611	611	604	4,963	2,437
Duplicate facility costs related to facility move		8	8	10	10	-	-	-	-	36	-
Stock compensation		3,047	2,949	3,182	3,071	2,570	3,724	2,918	3,453	12,249	12,665
Impairment of long-lived/intangible assets		-	-	-	-	-	-	-	371	-	371
Reduction in force costs		102	14	68	103	634	(9)	7	556	287	1,188
Acquisition related retention payment		19	26	26	26	41	26	26	30	97	123
Write off of discontinued product inventory		-	-	-	-	-	-	3,448	8,995	-	12,443
Total cost of revenues adjustments		4,699	3,987	4,276	4,200	3,856	4,352	7,010	14,009	17,162	29,227
Gross profit - non-GAAP		112,864	137,668	140,913	129,363	119,155	100,557	95,078	76,602	520,808	391,392
Gross margin - non-GAAP		33.1%	37.2%	37.0%	36.2%	34.9%	30.3%	28.6%	24.7%	35.9%	29.7%
GAAP to non-GAAP reconciliation of operating income (loss):											
Operating income (loss) - GAAP	28,311	52,828	54,906	40,839	29,912	9,467	(6,129)	(26,737)	(15,691)	176,884	6,513
Operating margin - GAAP	8.3%	14.3%	14.4%	11.4%	8.8%	2.8%	-1.8%	-8.6%	-4.9%	12.2%	0.5%
Adjustments:											
Total cost of revenues adjustments											
Total operating expense adjustments	4,699	3,987	4,276	4,200	3,856	4,352	7,010	14,009	6,467	17,162	29,227
Operating expenses - GAAP											
Research and development	79,854	80,853	81,731	84,324	85,387	86,738	94,197	89,330	96,376	326,762	355,652
Reduction in force costs and other restructuring	174	88	30	46	93	22	792	1,505	7,024	338	2,412
Acquisition related retention payment	32	32	32	32	32	32	44	32	29	128	140
Stock compensation	5,111	5,552	5,461	5,613	6,082	6,147	6,073	6,034	6,175	21,737	24,336
Duplicate facility costs related to facility move	7	7	10	10	-	-	-	-	-	34	-
Impairment of long-lived/other assets	-	-	-	2,387	-	-	-	-	-	2,387	-
Discontinued product service fees	-	-	-	-	-	-	-	185	313	-	185
Sales and marketing	29	-	-	19	(12)	-	-	335	402	48	323
Acquisition related retention payment	-	-	-	2	(2)	-	-	-	-	2	(2)
Stock compensation	1,751	1,877	1,921	1,889	2,044	2,039	1,892	1,956	2,146	7,438	7,931
General and administrative	13	20	20	5	37	13	341	145	493	58	536
Duplicate facility costs related to facility move	143	154	168	176	183	137	119	129	26	641	568
Acquisition related retention payment	(2)	-	-	-	-	-	-	-	-	(2)	-
Stock compensation	2,553	2,989	2,807	2,823	3,069	2,999	9,888	2,233	3,017	11,172	18,189
Acquisition related costs	31	2	21	(343)	4	40	(25)	127	(2)	(289)	146
Litigation settlements and resolutions and related costs	-	46	47	-	-	-	-	551	63	93	551
Unclaimed property tax audit accrual	-	-	(37)	-	-	-	-	-	-	(37)	-
Amortization of purchased intangibles	668	668	713	713	707	666	666	666	640	2,762	2,705
Startup costs	-	-	-	-	-	-	638	2,897	7,553	-	3,535
Impairment of long-lived assets/intangible assets	-	-	-	-	-	-	1,394	506	186	-	1,900
Total operating expense adjustments	10,510	11,435	11,193	13,372	12,237	12,095	21,822	17,301	28,065	46,510	63,455
Operating expenses - non-GAAP	69,344	69,418	70,538	70,952	73,150	74,643	72,375	72,029	68,311	280,252	292,197
Operating income - non-GAAP	43,520	68,250	70,375	58,411	46,005	25,914	22,703	4,573	18,841	240,556	99,195
Operating margin - non-GAAP	12.8%	18.5%	18.5%	16.3%	13.5%	7.8%	6.8%	1.5%	5.9%	16.6%	7.5%
GAAP to non-GAAP reconciliation of income (loss):											
Income (loss) before income taxes - GAAP	25,992	51,619	50,886	34,697	21,645	5,193	(11,785)	(30,058)	(21,711)	163,194	(15,005)
Adjustments:											
Total cost of revenues adjustments											
Total operating expense adjustments	4,699	3,987	4,276	4,200	3,856	4,352	7,010	14,009	6,467	17,162	29,227
Other interest income	-	-	-	-	-	-	(14)	-	-	-	(14)
Non-cash imputed interest expenses on convertible debt	2,469	2,509	4,464	7,494	7,555	7,676	7,739	7,863	7,927	16,936	30,833
Imputed interest related to restructuring	38	37	34	32	30	28	25	23	20	141	106
Other income (expense), net											
Loss (gain) on sale of assets	(8)	(17)	35	124	(113)	39	25	(158)	(57)	134	(207)
Loss related to minority investments	-	-	643	-	2,347	-	-	-	-	643	2,347
Other miscellaneous expenses (income)	-	-	(280)	(115)	(4)	(1)	(104)	1	(20)	(395)	(108)
Foreign exchange transaction loss (gain)	(29)	(970)	(204)	326	462	(1,478)	698	(936)	1,921	(877)	(1,254)
Amortization of debt issuance cost	154	154	257	385	385	385	385	385	385	950	1,540
Total interest and other adjustments	2,624	1,713	4,949	8,246	10,662	6,649	8,754	7,178	10,176	17,532	33,243
Income before income taxes - non-GAAP	43,825	68,754	71,304	60,515	48,400	28,289	25,801	8,430	22,997	244,398	110,920
GAAP to non-GAAP reconciliation of net income (loss) :											
Net income (loss) - GAAP	23,949	48,765	46,387	130,245	19,859	5,857	(55,659)	(18,344)	(18,489)	249,346	(48,287)
Total cost of revenues adjustments	4,699	3,987	4,276	4,200	3,856	4,352	7,010	14,009	6,467	17,162	29,227
Total operating expense adjustments	10,510	11,435	11,193	13,372	12,237	12,095	21,822	17,301	28,065	46,510	63,455
Total interest and other adjustments	2,624	1,713	4,949	8,246	10,662	6,649	8,754	7,178	10,176	17,532	33,243
Income tax provision adjustments	43	(746)	399	(98,548)	(864)	(2,864)	40,874	(14,364)	(4,922)	(98,852)	22,782
Total adjustments	17,876	16,389	20,817	(72,730)	25,891	20,232	78,460	24,124	39,786	(17,648)	148,707
Net income - non-GAAP	\$ 41,825	\$ 65,154	\$ 67,204	\$ 57,515	\$ 45,750	\$ 26,089	\$ 22,801	\$ 5,780	\$ 21,297	\$ 231,698	\$ 100,420
Basic non-GAAP income per share											
GAAP earnings per share	\$ 0.22	\$ 0.44	\$ 0.42	\$ 1.17	\$ 0.18	\$ 0.05	\$ (0.49)	\$ (0.16)	\$ (0.16)	\$ 2.26	\$ (0.42)
Impact of all non-GAAP adjustments	\$ 0.16	\$ 0.15	\$ 0.19	\$ (0.65)	\$ 0.23	\$ 0.18	\$ 0.69	\$ 0.21	\$ 0.34	\$ (0.16)	\$ 1.31
Non-GAAP earnings per share	\$ 0.38	\$ 0.59	\$ 0.61	\$ 0.52	\$ 0.41	\$ 0.23	\$ 0.20	\$ 0.05	\$ 0.18	\$ 2.10	\$ 0.88
Diluted non-GAAP income per share											
GAAP earnings per share	\$ 0.22	\$ 0.43	\$ 0.40	\$ 1.13	\$ 0.17	\$ 0.05	\$ (0.49)	\$ (0.16)	\$ (0.16)	\$ 2.19	\$ (0.42)
Impact of all non-GAAP adjustments	\$ 0.16	\$ 0.14	\$ 0.18	\$ (0.63)	\$ 0.22	\$ 0.18	\$ 0.68	\$ 0.21	\$ 0.34	\$ (0.15)	\$ 1.29
Non-GAAP earnings per share	\$ 0.38	\$ 0.58	\$ 0.59	\$ 0.50	\$ 0.40	\$ 0.23	\$ 0.20	\$ 0.05	\$ 0.18	\$ 2.03	\$ 0.86
Shares used in computing non-GAAP income per share											
Basic	108,820	110,407	110,956	111,438	112,544	113,960	114,209	114,742	115,867	110,405	113,864
Diluted	110,821	113,192	114,873	115,242	115,698	115,443	115,661	115,991	117,191	114,097	116,274

Finisar Corporation
Consolidated Balance Sheets
(in thousands)

Total Available Cash (1)	\$ 1,158,870	\$ 1,197,095	\$ 1,216,290	\$ 1,232,763	\$ 1,232,852	\$ 1,236,823	\$ 1,214,268	\$ 626,282	\$ 593,803	\$ 562,476
	7/29/2018 (Unaudited)	4/29/2018	1/28/2018 (Unaudited)	10/29/2017 (Unaudited)	7/30/2017 (Unaudited)	4/30/2017	1/29/2017 (Unaudited)	10/30/2016 (Unaudited)	7/31/2016 (Unaudited)	5/1/2016
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 326,189	\$ 312,257	\$ 259,023	\$ 274,547	\$ 278,826	\$ 260,228	\$ 240,593	\$ 282,963	\$ 280,414	\$ 299,221
Short-term held-to-maturity investments (1)	832,681	884,838	957,267	958,216	954,026	976,595	973,675	343,319	313,389	263,255
Accounts receivable, net	248,138	233,529	243,963	260,870	273,180	272,377	280,098	277,667	255,036	249,257
Accounts receivable, other	29,723	35,732	32,196	42,915	45,388	48,807	58,498	49,997	43,678	44,576
Inventories	325,846	348,527	382,179	369,078	356,845	331,388	312,271	292,439	272,592	273,291
Prepaid expenses	25,140	20,269	20,827	18,602	18,241	19,462	20,526	17,140	18,646	18,483
Total current assets	1,787,717	1,835,152	1,895,455	1,924,228	1,926,506	1,908,857	1,885,661	1,263,525	1,183,755	1,148,083
Property, equipment and improvements, net	587,203	520,849	495,364	443,733	420,298	383,919	357,039	341,563	338,918	348,613
Purchased technology, net	3,460	3,956	4,560	5,171	5,781	6,392	7,382	8,371	9,361	10,884
Other intangible assets, net	3,282	3,922	4,588	5,253	5,919	6,627	7,256	7,968	6,836	7,504
Goodwill	106,735	106,735	106,735	106,735	106,735	106,735	106,735	106,735	106,735	106,735
Minority investments	602	604	610	606	605	3,161	3,322	3,893	3,974	4,051
Other assets	24,577	31,117	21,273	20,818	21,651	16,964	19,072	14,102	15,365	14,656
Deferred tax assets	85,873	80,850	78,593	116,055	108,567	107,225	5,203	3,906	3,563	4,845
Total assets	\$ 2,599,449	\$ 2,583,185	\$ 2,607,178	\$ 2,622,599	\$ 2,596,062	\$ 2,539,880	\$ 2,391,670	\$ 1,750,063	\$ 1,668,507	\$ 1,645,371
LIABILITIES AND STOCKHOLDERS' EQUITY										
Current liabilities:										
Accounts payable	\$ 149,876	\$ 132,161	\$ 127,248	\$ 152,047	\$ 148,605	\$ 140,568	\$ 155,916	\$ 153,023	\$ 136,317	\$ 141,591
Accrued compensation	35,349	32,525	39,660	36,614	42,030	54,520	50,640	45,213	36,332	36,084
Other accrued liabilities	50,944	32,824	36,947	40,130	46,648	43,697	43,081	36,736	39,201	42,206
Deferred revenue	-	9,535	14,539	17,716	14,348	13,015	14,965	17,818	16,468	13,529
Current portion of convertible notes	254,150	251,278	248,426	-	-	-	-	-	-	-
Total current liabilities	490,319	458,323	466,820	246,507	251,631	251,800	264,602	252,790	228,318	233,410
Long-term liabilities:										
Convertible notes, net of current portion	494,316	488,877	483,481	723,784	715,722	707,782	699,903	234,679	232,016	229,393
Other long-term liabilities	10,791	11,843	15,038	15,434	16,077	16,311	12,347	13,059	13,754	14,443
Deferred tax liabilities	575	525	1,426	1,742	1,469	1,283	247	220	302	439
Total liabilities	996,001	959,568	966,765	987,467	984,899	977,176	977,099	500,748	474,390	477,685
Stockholders' equity:										
Common stock	117	115	114	114	114	112	111	111	110	108
Additional paid-in capital	2,869,657	2,850,195	2,839,701	2,814,713	2,799,118	2,784,204	2,768,396	2,639,355	2,621,260	2,605,859
Accumulated other comprehensive income	(44,356)	(14,659)	(5,712)	(41,664)	(44,181)	(57,865)	(59,944)	(49,772)	(38,109)	(25,188)
Accumulated deficit	(1,221,970)	(1,212,034)	(1,193,690)	(1,138,031)	(1,143,888)	(1,163,747)	(1,293,992)	(1,340,379)	(1,389,144)	(1,413,093)
Total stockholders' equity	1,603,448	1,623,617	1,640,413	1,635,132	1,611,163	1,562,704	1,414,571	1,249,315	1,194,117	1,167,686
Total liabilities and stockholders' equity	\$ 2,599,449	\$ 2,583,185	\$ 2,607,178	\$ 2,622,599	\$ 2,596,062	\$ 2,539,880	\$ 2,391,670	\$ 1,750,063	\$ 1,668,507	\$ 1,645,371

(1) Total available cash includes cash and cash equivalents, short-term and long-term available-for-sale investments that are debt related